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ICMA and JSDA

Developments in Green, Social and Sustainability Bond Markets - Japan and Asia  
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1. Introduction

Thank you for your kind introduction. It is a great pleasure to be at this conference hosted by the ICMA and the JSDA.

I would like to praise ICMA and JSDA for hosting this event yet again for three consecutive years, which originally had started as green bond seminar. It has been expanding its participation and coverage of topics including social and sustainability bonds and contributing to the growth of the sustainable finance market in Japan.

The ESG bond market has been rapidly growing. Some reports state that in Japan the issuance of ESG bonds has doubled between 2017 and 2018. For example, in February this year JRJT, that is “Japan Railway Construction, Transport and Technology Agency,” announced that it would raise funds through its 'Sustainability Finance' framework which is certified by the Climate Bond Initiative, an international certification organization, for the first time in the Japanese market.

2. Disclosure based on TCFD recommendations

As many of you may already know, a unique initiative called “Japan TCFD

Consortium” has been making progress, led by the private sector.

Originally the TCFD was a brainchild of the G20 and the Financial Stability Board, and has been embraced mainly by the financial community rather than the business community. But in Japan, leading Japanese business corporations have expressed support to the TCFD and have shown willingness to engage in constructive dialogues with investors on climate-related financial disclosure based on TCFD recommendations.

As a result, Japan now has the highest number of the TCFD supporters in the world, close to 200 supporters as of the end of this September. Among them, the number of business corporations is larger than that of financial institutions. Moreover carbon-intensive industries such as energy, electricity, steel, chemical and cement have also expressed their support and willingness for engagement with the TCFD recommendations.

The Japan TCFD Consortium, which was launched in May this year, is a platform for facilitating constructive dialogues between companies and investors on the TCFD-based disclosure. In the Consortium, they discuss challenges and share leading practices to move ahead with corporate disclosure aligned with the TCFD recommendations.

As a product of such fruitful discussions, the *Guidance for Utilizing Climate-related Information to Promote Green Investment* so called “*Green Investment Guidance*” has been released just yesterday by the Consortium on the same day with the TCFD Summit. It demonstrates viewpoints and good practices of investors making use of information disclosed in line with the TCFD recommendations.

This *Green Investment Guidance* is primarily intended to be a signpost for investors in their investment decision making process. But it would also help business corporates better understand investors' expectations and improve their own disclosures through understanding investors' expectations. I firmly believe that such enhanced disclosure by the business sector will support further growth in the green bond market.

In furtherance of the work, the Consortium plans to revise the *Guidance for Climate-related Financial Disclosure*, which is "*TCFD Guidance*" in short. The *TCFD Guidance* was published in December last year by the study group backed by the Ministry of Economy, Trade and Industry. The revised *TCFD Guidance* is expected to elaborate more on scenario analysis and expand its industry specific case studies from its first version.

Both the *Green Investment Guidance* and the revised *TCFD Guidance* will be indispensable tools to facilitate collaboration with the business and the finance sectors. A thorough analysis of strategy, business model and risk management will be a first step to enhance climate-related financial disclosure, which could lead companies to find out potential opportunities for their business growth. The TCFD Consortium could serve as the forum to accelerate this virtuous cycle between the environment and the growth.

Notably, the business opportunities associated with the transition toward a low-carbon economy could be higher for those industries and regions which have larger room for improvement in terms of carbon intensity. In this sense, the Asian region would have a higher potential in the growth of the green,

social and sustainability bond market. A comprehensive and inclusive initiative as demonstrated in the Japan TCFD Consortium could have a great advantage to open a new green frontier in Asia. Together with such an initiative, the green bond market can play an important role in transforming the risks to opportunities. And in the end, through these efforts, as stipulated in the Paris Agreement, the financial market in Asia is expected to help *“making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”*

### 3. Wrap-up

In closing my remarks, let me congratulate again ICMA and JSDA on the successful delivery of the event. I sincerely hope that this will be another great milestone in the development of the green, social and sustainability bond market in Japan and Asia.

Thank you very much for your attention.

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